

STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION -- DIVISION OF FINANCIAL ASSISTANCE  
MAY 2, 2006

**ITEM 6**

**SUBJECT**

CONSIDERATION OF A RESOLUTION AUTHORIZING ISSUANCE OF A \$4,000,000 INSTALLMENT SALES AGREEMENT (ISA) CONTRACT AND AMENDMENTS THERETO FROM THE AGRICULTURAL DRAINAGE MANAGEMENT LOAN PROGRAM (ADMLP) TO THE PANOCHE IRRIGATION DISTRICT (DISTRICT) FOR AN IRRIGATION SYSTEM IMPROVEMENT PROJECT (PROJECT)

**DISCUSSION**

The District has applied for \$4,000,000 in ADMLP financing assistance to fund the Project. Funds will be used to purchase high efficiency irrigation equipment that will be leased to growers converting furrow and siphon tube irrigation to drip, gated pipe, or micro sprinkler systems with tailwater recirculation and water recycling systems.

Irrigation operations within the District produce agricultural drainage that flows via a conveyance system into the San Joaquin River. By replacing less efficient irrigation systems with more efficient irrigation systems, the Project will reduce irrigation tailwater and contaminants (including selenium, boron, salt, and oxygen-consuming nutrients) discharge to the San Joaquin River and the Sacramento-San Joaquin Delta. Monitoring will be conducted, and the water quality benefits resulting from implementing the Project will be assessed.

The Central Valley Regional Water Quality Control Board (Central Valley Water Board) has adopted a Conditional Waiver of Waste Discharge Requirements for Discharges from Irrigated Lands (Conditional Agricultural Waiver) that addresses non-point source pollution from irrigated agricultural lands in the San Joaquin Valley. All of the District's acreage, which meets the necessary conditions, is covered under the Conditional Agricultural Waiver through membership in the Westside San Joaquin River Watershed Coalition (Coalition).

The District previously received \$1.8 million in Agricultural Drainage Loan Program funding for a similar irrigation improvement project and was able to document the effectiveness of that project in reducing drainage and improving efficiency. In addition to the water quality benefits, the Project will directly benefit water conservation efforts in the San Joaquin Valley.

The State Water Resources Control Board (State Water Board) supports the Central Valley Water Board's goal of improved irrigation efficiency as described in the "Amendments to the Water Quality Control Plan (Basin Plan) for the San Joaquin Valley" (Regional Board Resolution No. 88-195, approved by State Water Board in Resolution No. 89-88). The Basin Plan recommends that best management practices, consisting principally of water conservation measures, be implemented for the control of agricultural drainage.

The Safe, Clean, Reliable Water Supply Act of 1996 (1996 Bond Law), provides funding assistance through the ADMLP for agricultural 'drainage water management units'. These units include surface

impoundments, conveyance facilities, drainage treatment facilities, and any other facilities or works to reduce pollutants discharged through agricultural drainage. The proposed Project will fund acquisition of agricultural drainage water management units, and may be funded under the 1996 Bond Law.

California Environmental Quality Act (CEQA)

The District prepared a Draft Negative Declaration (ND) for the proposed Project dated October 11, 2005, which was distributed to the public and circulated through the State Clearinghouse (SCH# 2005101096) for review from October 21, 2005 through November 22, 2005. During this review period the District received no comments. A Final ND was adopted and certified by the District on December 20, 2005.

Public Participation

The District has demonstrated that adequate opportunity for public participation regarding the ISA has been provided. Such opportunities include opportunity to review and comment on the District’s Negative Declaration for the project consistent with CEQA, needs assessment and outreach to growers regarding their interest in participating in this program, and the District’s public adoption of a resolution authorizing submittal of an application to request funds for the Project.

ADMLP Repayment

The dedicated source of repayment for the ADMLP funding assistance will come from Water District Assessments. Lease payments for equipment purchased with the ADMLP funds will also be dedicated for repayment.

**POLICY ISSUE**

Should the State Water Board authorize issuance of a \$4,000,000 ISA contract and amendments thereto from the ADMLP to the District for the Project that will include purchasing irrigation improvement equipment and constructing tailwater recirculation and water recycling systems?

**FISCAL IMPACT**

The total cost of the Project is \$4,000,000. Interest in the Project has been assessed by polling District members and has been substantiated by members’ expressed intent to lease the equipment funded by the loan. The following table is a summary of the funding available in the ADMLP:

<b>ADMLP (1996 Bond)</b>	<b>FUND AVAILABILITY – JANUARY 2006</b>
Initial Amount Available for Local Assistance	\$24,829,775
Previous Loan Project Expenditures and Commitments	\$(5,000,000)
Feasibility Study Loan Project Expenditures	\$(0)
<b>Subtotal Currently Available Local Assistance</b>	<b>\$19,829,775</b>
<b>FUNDING APPROVAL REQUESTED</b>	
Panoche Drainage District	\$(4,000,000)
<b>Remaining Available Local Assistance</b>	<b>\$15,829,775</b>
<b>REGIONAL WATER BOARD IMPACT</b>	

The Project will further the Central Valley Water Board's goals and objectives relating to their Agricultural Waiver Program and Basin Plans.

**STAFF RECOMMENDATION**

That the State Water Board approve funding using authorized ADMLP funds for the District's Project which will include purchasing irrigation improvement equipment and constructing tailwater recirculation and recycling systems.

STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2006-

AUTHORIZING ISSUANCE OF A \$4,000,000 INSTALLMENT SALES AGREEMENT (ISA)  
CONTRACT AND AMENDMENTS THERETO FROM THE AGRICULTURAL  
DRAINAGE MANAGEMENT LOAN PROGRAM (ADMLP)  
TO THE PANOCHÉ IRRIGATION DISTRICT (DISTRICT) FOR  
AN IRRIGATION SYSTEM IMPROVEMENT PROJECT (PROJECT)

WHEREAS:

1. The Project is eligible for funding under the Safe, Clean, Reliable Water Supply Act of 1996;
2. The District will reduce agricultural drainage discharges to waters of the State through the Project by purchasing high efficiency irrigation equipment and leasing that equipment to growers, converting furrow and siphon tube irrigation to micron sprinkler, gated pipe, and drip irrigation, all with tailwater recycling systems;
3. The Project will help meet water quality objectives for sediment and other constituents of concern in the San Joaquin River by reducing agricultural drainage and will contribute to water conservation efforts in the San Joaquin Valley;
4. Water Quality Monitoring will be conducted and the benefits resulting from implementing the Project will be assessed;
5. The Central Valley Regional Water Quality Control Board's (Central Valley Water Board) Water Quality Control Plan, for the Sacramento and San Joaquin River Basins, recommends that best management practices, consisting principally of water conservation measures, be implemented for the control of agricultural drainage;
6. The District has demonstrated that an adequate opportunity for public participation regarding the ISA has been provided;
7. The Project will help the District to achieve compliance with the Central Valley Water Board's Conditional Waiver of Waste Discharge Requirements for Discharges from Irrigated Lands; and,
8. The District has prepared a Negative Declaration (State Clearinghouse No. 2005101096) for the Project, which has been reviewed and adopted with a determination that the Project will not result in any significant environmental impacts.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board (State Water Board) authorizes issuance of a \$4,000,000 ISA contract and amendments from the ADMLP to the District for the Project contingent on CEQA compliance.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on May 2, 2006.

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Clerk to the Board